

Message Text

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ACTION EA-12

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E.O. 11652: N/A

TAGS: PINT, KS

SUBJECT: NATIONAL ASSEMBLY COMPROMISE AGREEMENT

REF: (A) SEOUL 9367, (B) SEOUL 8813

1. GOVERNMENT AND OPPOSITION PARTIES ANNOUNCED NOVEMBER 29 THEY HAD REACHED AGREEMENT ON SEVERAL POLITICAL ISSUES UNDER NEGOTIATION SINCE BEGINNING OF SESSION IN SEPTEMBER. MAIN POINTS OF AGREEMENT CONCERN INCOME TAX LAW, BUDGET, ELECTION LAW, AND CONSTITUTIONAL REVISION (DROPPED).

2. INCOME TAX LAW WILL BE REVISED TO EXEMPT FAMILIES WITH MONTHLY INCOME BELOW 100,000 WON (AS OPPOSED TO 90,000 WON LIMIT IN PRESENT LAW AND 125,000 SOUGHT BY NDP), AND TO SET LOWEST TAX BRACKET AT SIX PERCENT INSTEAD OF EIGHT.

3. BUDGET WILL BE REDUCED BY 33 BILLION WON, FROM GOVERNMENT-PROPOSED LEVEL OF 3,550 BILLION WON, IN CONTRAST TO THE REDUCTION SOUGHT BY THE NDP OF 50 BILLION.

4. NATIONAL ASSEMBLY ELECTION LAW WILL BE CHANGED TO PROVIDE FOR: A) PARTY-APPOINTED POLL WATCHERS AND REPRE-

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SENTATIVES ON ELECTION MANAGEMENT COMMISSION; B) LIMITED NUMBER OF ELECTION CAMPAIGN BROADCASTS ON TV AND RADIO FOR PARTY CANDIDATES; C) CREATION OF FOUR NEW ELECTION DISTRICTS (THREE IN SEOUL AND ONE IN PUSAN); D) INCREASED DEPOSIT REQUIREMENTS FOR CANDIDATES, FROM TWO MILLION TO THREE MILLION WON FOR PARTY NOMINEES, AND FROM THREE MILLION TO FIVE MILLION FOR INDEPENDENT CANDIDATES. FURTHER INCREASES

IN THE ELECTION DISTRICTS ARE TO BE CONSIDERED LATER.

5. THE NDP PROPOSAL FOR A COMMITTEE TO DISCUSS REVISION OF THE CONSTITUTION HAS BEEN REJECTED.

6. THE THREE PARTIES ISSUED STATEMENTS DESCRIBING THE AGREEMENT AS THE BEST COMPROMISE THAT COULD BE WORKED OUT, WITH THE YUCHONGHOE AND NDP STRESSING THE BENEFITS OF THE INCOME TAX CUT. THE NDP COMMENTED THAT THEY WERE NOT COMPLETELY SATISFIED WITH THE RESULT AND APOLOGIZED FOR BEING UNABLE TO ACHIEVE MORE. THE INDEPENDENTS, (13 IN NUMBER) UNDERSTANDABLY, ISSUED A STRONGLY CRITICAL STATEMENT, AND ONE TRIED TO DISRUPT THE ANNOUNCEMENT OF THE AGREEMENT.

7. PRESS COMMENTARY HAS BEEN UNENTHUSIASTIC, DESCRIBING THE AGREEMENT AS "NOTHING MORE AND NOTHING LESS THAN HAD BEEN EXPECTED." A KOREA TIMES ARTICLE DESCRIBED THE OUTCOME AS "A SLAP IN THE FACE FOR YI CH'OL SUNG" AND ONE PRESS OBSERVER COMMENTED PRIVATELY THAT HE AND MANY COLLEAGUES DOUBTED YI HAD EVER BEEN SERIOUS ABOUT THE CONSTITUTIONAL REVISION ISSUE, ALTHOUGH GRANTING THAT THE GOVERNMENT PROBABLY WOULD NOT MOVE ON IT IN ANY CASE.

8. COMMENT: THE TAX CUT IN PARTICULAR WILL UNDOUBTEDLY BE WELCOMED AND THE NDP WILL PROBABLY GET CREDIT FOR IT (ALTHOUGH THE MEASURE BENEFITS THE MIDDLE CLASS MORE LIMITED OFFICIAL USE

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THAN THE WORKING MAN IT IS OSTENSIBLY DESIGNED TO HELP). THE BUDGET CUT IS NEGLIGIBLE. THE ELECTION LAW CHANGES ARE ESSENTIALLY THOSE THE GOVERNMENT HAD PREVIOUSLY INDICATED IT WOULD ACCEPT. SNEIDER

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